

Presentation to the Legislature on Alabama's Financial Condition

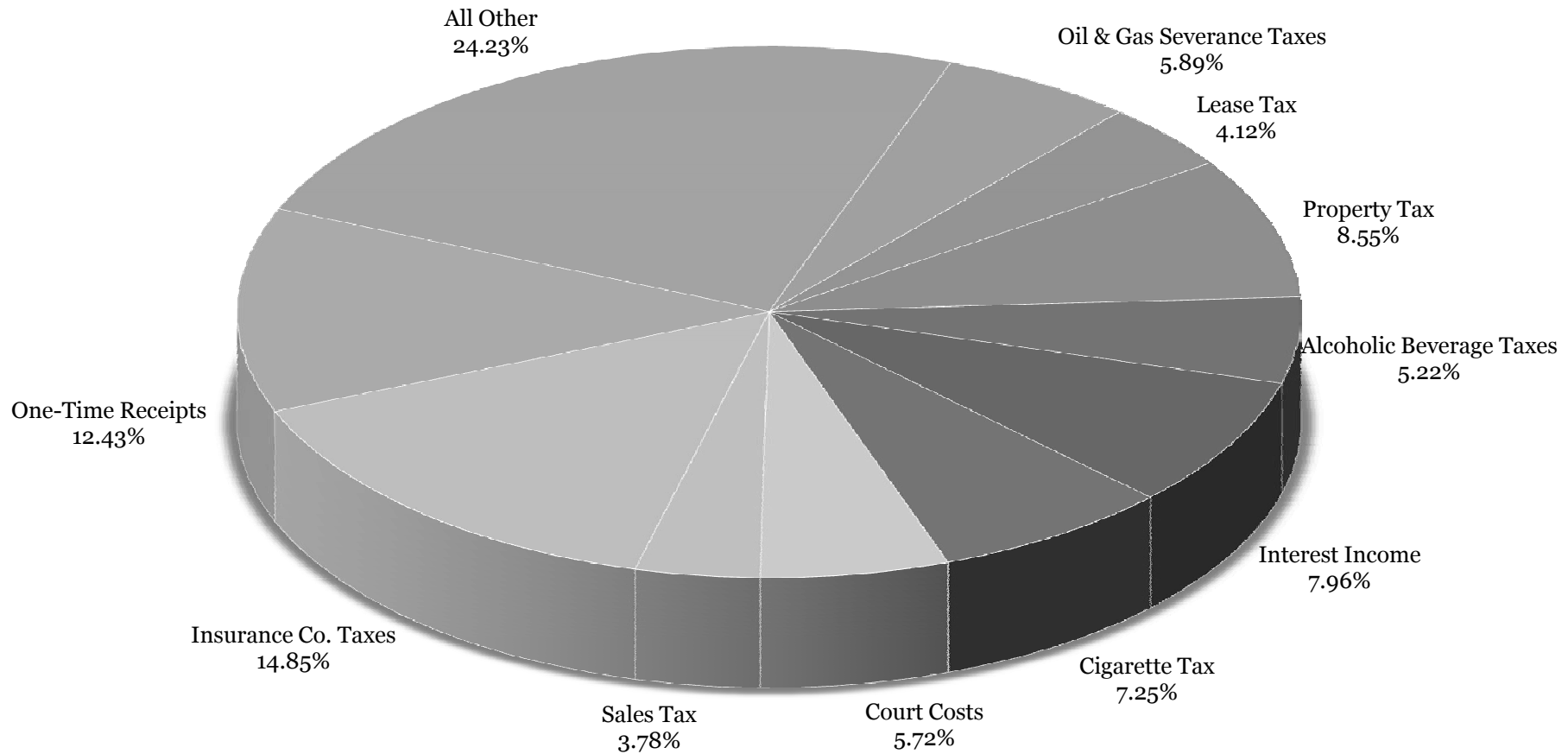


Joyce Bigbee, Director
Legislative Fiscal Office
December 14, 2009
www.lfo.state.al.us

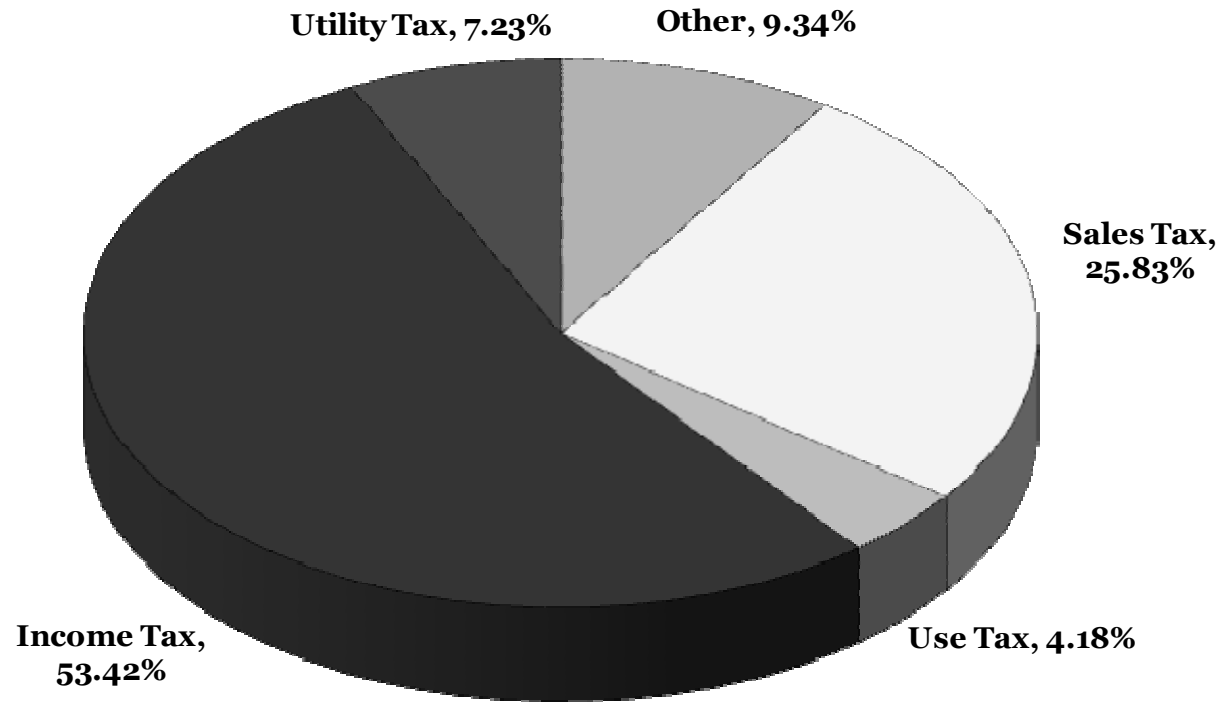
Appropriation of State Funds FY 2010

- ◎ Total All State Funds - \$10 billion
 - › General Fund - \$1.6 billion
 - Medicaid - \$308 million
 - Corrections and Youth Services - \$269.7 million
 - › Education Trust Fund - \$5.3 billion
 - › Other State Funds - \$3.2 billion

Sources of Revenue to the State General Fund FY 2009



Sources of Revenue to the Education Trust Fund FY 2009



Economy

◎ National Economy

- › Recession
- › Loss of jobs

◎ Alabama's Economy

- › Employment decline
- › Sales tax receipts
- › State Government barometers

Condition of the State General Fund

Fiscal Year 2008 and Fiscal Year 2009

	Actual FY 2008	Actual FY 2009	Difference
BEGINNING BALANCE	239,088,035	218,986,877	-20,101,158
Receipts	1,533,816,343	1,380,211,423	-153,604,920
Transfers and Reversions	53,732,885	23,525,362	-30,207,523
Additional transfer from business privilege tax escrow	19,000,000	108,000,000	89,000,000
Exxon Lawsuit	85,750,235		-85,750,235
Alabama Trust Fund Unrealized Gains	117,267,060		-117,267,060
Transfer from pharmaceutical settlements	4,746,080	52,034,871	47,288,791
Transfer from Incentives Financing Authority		38,800,000	38,800,000
TOTAL RECEIPTS	1,814,312,603	1,602,571,656	-211,740,947
TOTAL AVAILABLE (beginning balance plus total receipts)	2,053,400,638	1,821,558,533	-231,842,105
Appropriations	1,883,293,743	2,066,255,445	182,961,702
Changes:			
Reduction in Medicaid appropriation		-165,000,000	-165,000,000
FMAP savings in other state agencies		-60,425,742	-60,425,742
Reductions from Object 1800		-53,498,729	-53,498,729
Reversions	-48,879,982	-71,203,257	-22,323,275
TOTAL APPROPRIATIONS AND OBLIGATIONS	1,834,413,761	1,716,127,717	-118,286,044
ENDING BALANCE	218,986,877	105,430,816	-113,556,061

Projected Condition of the State General Fund Fiscal Year 2010 and Fiscal Year 2011

			Change From FY 2010
	FY 2010	FY 2011	FY 2010
BEGINNING BALANCE	105,430,816	0	-105,430,816
LFO estimated receipts	1,314,900,000	1,347,490,000	32,590,000
Transfers and reversions	28,892,365	5,000,000	-23,892,365
TOTAL RECEIPTS	1,343,792,365	1,352,490,000	8,697,635
TOTAL AVAILABLE (beginning balance plus total receipts)	1,449,223,181	1,352,490,000	-96,733,181
Appropriations (as of November 30, 2009)	1,527,190,093		
General Fund FY 2009 reversions reappropriated	42,022,197		
TOTAL APPROPRIATIONS AND OBLIGATIONS (as of 11/30/2009)	1,569,212,290		
ENDING BALANCE	-119,989,109		

Effect of Federal Stimulus Funds on State General Fund Expenditures

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2011 reduction
Total State General Fund appropriations	1,834,413,761	1,716,127,717	1,569,212,290	1,352,490,000	
Federal stimulus funds used to replace SGF dollars					
Medicaid FMAP		290,734,130	322,653,180	83,277,244	
Other agencies with Medicaid FMAP		63,349,618	72,219,688	18,544,715	
Corrections - Fiscal Stabilization Funds			118,586,000		
Departmental Emergency Fund - Fiscal Stabilization Funds			14,100,000		
Total federal stimulus funds used		354,083,748	527,558,868	101,821,959	
Total SGF plus federal stimulus	1,834,413,761	2,070,211,465	2,096,771,158	1,454,311,959	-642,459,199

Federal Stimulus Funds – Non-Education

Department	Amount
ADECA	\$ 228,121,137
ADEM	\$ 67,494,200
Ag. & Industries	\$ 1,000,000
DHR	\$ 64,300,813
DIR	\$ 32,469,774
Finance Dept.	\$ 2,000,000
Medicaid	\$ 689,426,547
DMH	\$ 92,215,249
Public Health	\$ 29,904,169
Sr. Services	\$ 9,389,984
DOT	\$ 513,692,083
Fiscal Stab. Funds	\$ 132,686,000
<i>Corrections</i>	\$ 118,586,000
<i>Dept. Emer. Fund</i>	\$ 14,100,000
Other (not included in state budgets)	\$ 308,038,244
Total	\$ 2,170,738,200

Condition of the Education Trust Fund Fiscal Year 2008 and Fiscal Year 2009

	Actual FY 2008	Actual FY 2009	Difference
Beginning balance	275,717,027	0	-275,717,027
Beginning balance reserved for October 1 debt service payment	4,328,000		-4,328,000
TOTAL BEGINNING BALANCE	280,045,027	0	-280,045,027
Receipts	5,943,258,156	5,241,600,057	-701,658,099
PSCA Repayment for Enterprise City Schools	32,000,000		-32,000,000
Transfer from Proration Prevention Account/Rainy Day Account	439,372,515	437,520,418	-1,852,097
TOTAL RECEIPTS	6,414,630,671	5,679,120,475	-735,510,196
TOTAL AVAILABLE (beginning balance plus total receipts)	6,694,675,698	5,679,120,475	-1,015,555,223
Appropriations	6,729,089,656	5,707,308,868	-1,021,780,788
Reversions and Adjustments	-34,413,958	-28,188,393	6,225,565
TOTAL EXPENDITURES	6,694,675,698	5,679,120,475	-1,015,555,223
ENDING BALANCE	0	0	

Projected Condition of the Education Trust Fund Fiscal Year 2010 and Fiscal Year 2011

			Change from
	FY 2010	FY 2011	FY 2010
BEGINNING BALANCE	0	0	
LFO estimates	5,312,193,296	5,270,693,296	-41,500,000
DHR Food Stamp Reversion	11,028,645	18,600,000	7,571,355
Other transfers and reversions	778,059	706,704	-71,355
TOTAL RECEIPTS	5,324,000,000	5,290,000,000	-34,000,000
TOTAL AVAILABLE (beginning balance plus total receipts)	5,324,000,000	5,290,000,000	-34,000,000
Appropriations as of the date of enactment	5,726,000,000		
Changes (as of November 30, 2009):			
SDE - per court order	225,000		
Reappropriation of FY 2009 Reversions	23,029,976		
Less 7.5% Proration	-426,700,399		
TOTAL APPROPRIATIONS AND OBLIGATIONS (as of 11/30/2009)	5,322,554,577		
ENDING BALANCE	1,445,423		

Effect of Federal Stimulus Funds on Education Trust Fund Expenditures

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2011 reduction
Total Education Trust Fund appropriations	6,694,675,698	5,679,120,475	5,322,554,577	5,290,000,000	
Federal stimulus funds used to replace ETF dollars					
Fiscal Stabilization Funds			298,177,936	298,177,936	
Total federal stimulus funds used			298,177,936	298,177,936	
Total ETF plus federal stimulus	6,694,675,698	5,679,120,475	5,620,732,513	5,588,177,936	-32,554,577

Federal Stimulus Education Funds

Education-Related ARRA Item	Alabama
State Fiscal Stabilization Funds - Education Portion	\$596,356,000
Title I - Grants to LEAs	\$162,969,000
Title I - School Improvement	\$49,126,000
IDEA/Special Education - Part B: Ages 3-21	\$181,865,000
IDEA/Special Education - Part B: Preschool	\$5,970,000
IDEA/Special Education - Part C: Rehab. Services	\$6,739,000
Title II - Education Technology	\$10,451,000
Homeless Student Assistance	\$1,079,000
School Lunch Equipment	\$1,956,000
Federal Work Study	\$3,269,000
Vocational Rehabilitation	\$9,791,000
Independent Living/Blind Funding	\$2,109,000
Total	\$1,031,680,000

General Fiscal Issues

- ◎ Children's Health Insurance Program (CHIP)
 - > Legislature increased funding by \$11.2 million for FY 2010
 - > \$7 million was to extend coverage to an estimated 14,000 children
 - > Approximately 69,800 children participating at the end of FY 2009
 - > Percentage of uninsured children in Alabama dropped from 7.5% in 2007 to 4.4% in 2008
- ◎ Health Care Reform
- ◎ Reduction in State Workforce
 - > As of September 2009, 545 fewer state employees than in 2008
 - > 1,229 fewer certificated education employees and 1,101 fewer non-certificated personnel in 2009 than in 2008
- ◎ Unfunded liabilities
 - > TRS
 - > ERS

History of TRS Unfunded Liability

Valuation Date	Unfunded/ (Overfunded) Accrued Liability	Percent Funded
6/30/1996	1,328,339,633	88.78%
6/30/1997	(626,588,766)	104.92%
6/30/1998	67,601,698	99.54%
6/30/1999	(73,873,862)	100.47%
6/30/2000	(412,466,692)	102.53%
6/30/2001	(236,682,118)	101.37%
6/30/2002	469,293,297	97.45%
6/30/2003	1,247,264,917	93.56%
9/30/2004	2,182,181,272	89.55%
9/30/2005	3,779,130,771	83.59%
9/30/2006	4,123,966,699	82.78%
9/30/2007	5,320,618,237	79.51%
9/30/2008	5,991,639,989	77.65%

History of ERS Unfunded Liability

Valuation Date	State Employees Unfunded/ (Overfunded) Accrued Liability	Percent Funded		State Police Unfunded/ (Overfunded) Accrued Liability	Percent Funded
9/30/1996	172,303,635	94.30%		6,966,375	97.10%
9/30/1997	(455,660,730)	113.90%		(41,033,835)	115.80%
9/30/1998	(218,173,459)	105.90%		(26,253,941)	109.10%
9/30/1999	(305,644,159)	108.00%		(31,621,767)	110.70%
9/30/2000	(289,742,284)	107.10%		(30,461,089)	109.90%
9/30/2001	(108,940,678)	102.50%		(3,988,371)	101.20%
9/30/2002	122,490,944	97.30%		13,132,508	96.20%
9/30/2003	330,130,912	93.20%		33,084,508	90.90%
9/30/2004	490,774,135	90.30%		50,930,138	86.70%
9/30/2005	947,459,353	83.20%		100,266,811	77.00%
9/30/2006	1,119,012,983	81.00%		109,650,702	75.70%
9/30/2007	1,454,993,836	77.20%		124,971,531	73.70%
9/30/2008	1,701,549,508	74.30%		138,371,614	71.70%

General Fiscal Issues (continued)

- ◎ Oil on DOC property
 - > Contract signed for 5 years to explore for oil in Atmore
 - > DOC has received \$400,000
 - > DOC will receive 25% royalties and \$300 per acre on any oil or natural gas produced

Alabama Trust Fund History

- ◎ \$467 million from off-shore oil and gas leases deposited into Heritage Trust Fund
- ◎ Amendment 450 established the ATF
- ◎ Heritage Trust Fund merged with ATF in 2001
- ◎ \$3.2 billion in assets September 2008
- ◎ \$2.6 billion in assets September 2009

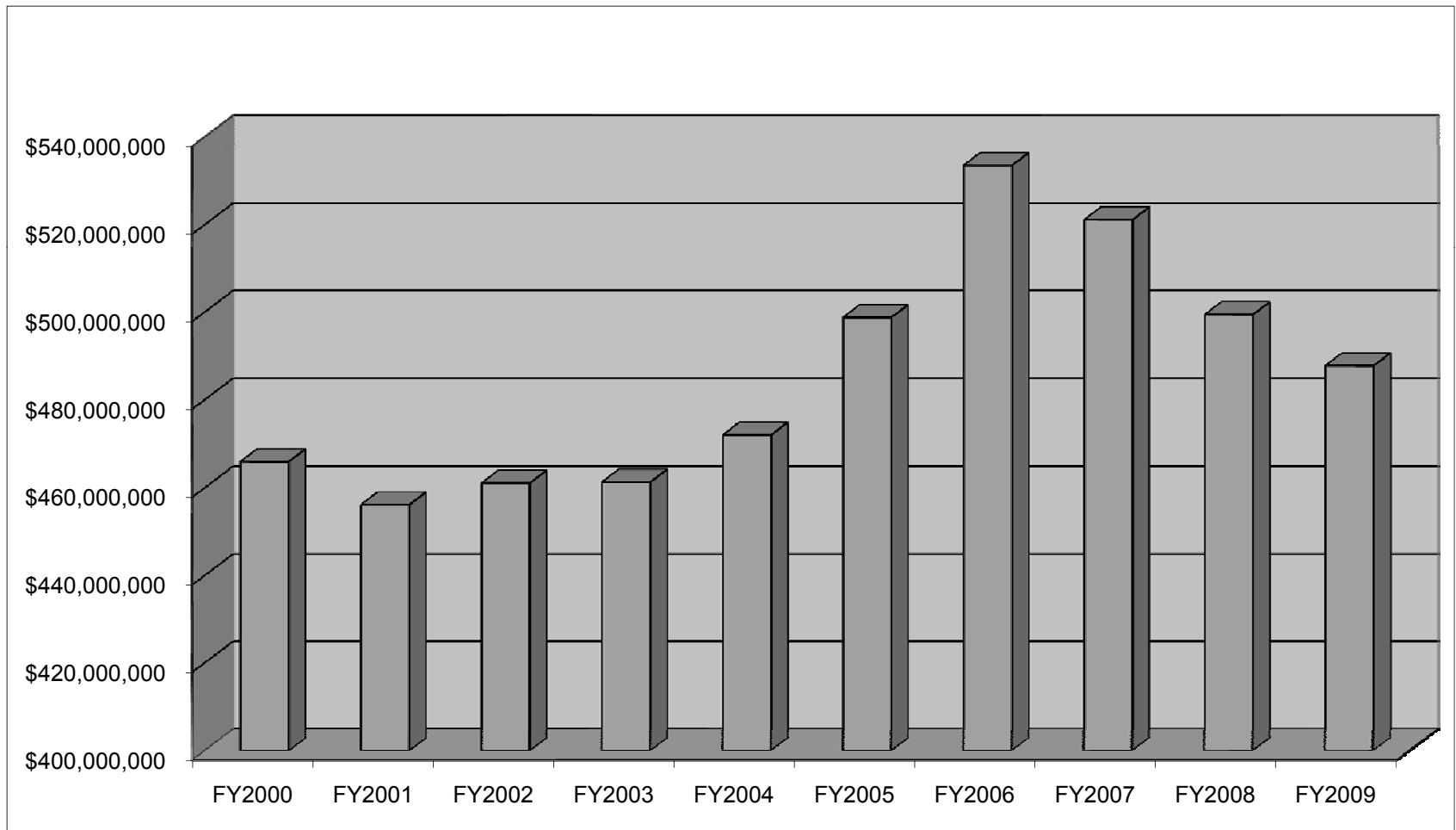
Alabama Capital Improvement Trust Fund (ACITF)

- ◎ Amendment 666 – ratified in 2000
- ◎ 28% of prior year ATF royalties
 - > \$667.8 million deposited into the ACITF
- ◎ Bond Commission
 - > Authority to issue up to \$350 million in economic development bonds
 - > Constitutional amendment ratified in June 2007 increased bond authority to \$750 million
 - > \$710 million issued
 - > \$40 million remaining

Alabama Capital Improvement Trust Fund (Amounts in Millions)

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Public Road and Bridge Fund Status



Tobacco Settlement Appropriations

FY 2010

Children First Trust Fund (CFTF):	FY 2010
Public Health	\$5,541,488
Human Resources	11,082,960
Child Abuse and Neglect Prevention	2,770,740
State Multiple Needs Children's Fund	2,448,540
Mental Health/Mental Retardation	2,770,740
Juvenile Probation Services Fund	5,541,480
Youth Services	9,420,516
Alabama Medicaid	2,939,519
All Other	1,555,965
Total CFTF Appropriation	\$43,071,940

Other Tobacco Revenue:	FY 2010
Children's Affairs Administration	\$191,188
Alabama 21st Century Fund	13,000,000
Senior Services Trust Fund	1,583,280
Medicaid Trust Fund	33,248,880
Senior Services - Medicaid Waiver	2,374,920
Total Other Appropriation	\$50,398,268

State General Fund Transfer	\$12,634,427
Grand Total	\$106,104,635

Federal Energy Programs

- ◎ Gulf of Mexico Energy Security Act (GOMESA)
- ◎ Coastal Impact Assistance Fund (CIAP)

Pending Litigation

- Medicaid Pharmaceutical

- SWAP

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